GOVERNMENT OF INDIA
CHEMICALS AND FERTILIZERS
LOK SABHA

UNSTARRED QUESTION NO:804
ANSWERED ON:28.11.2005
HUGE MARGINS BY PAHRMA COMPANIES TO RETAILERS
Hasan Chaudhary Munawwar;Muqueem Shri Mohammed

Will the Minister of CHEMICALS AND FERTILIZERS be pleased to state:

(a) whether the Government is aware that the pharma companies are giving huge margins to retailers on their generic medicines;

(b) if so, the details thereof alongwith the extent of margins given by the said companies; and

(c) the steps taken by the Government to stop this practice and save the poor patients ?

Answer

THE MINISTER OF CHEMICALS AND FERTILIZERS & MINISTER OF STEEL (SHRi RAWS VILAS PASWAN)

(a)to(c) : Prices of Scheduled drugs and medicines are fixed by the National Pharmaceutical Pricing Authority (NPPA) in accordance with the provisions of the Drugs (Prices Control) Order, 19S5 (DPCO, 95). The trade margin to retailers in respect of Scheduled formulations is fixed at 15%. Prices of non-Scheduled medicines are fixed by the manufactures themselves keeping in view various factors like cost of production, marketing/selling expenses, R&D expenses, trade commission, market competition, product innovation, product quality etc. The Government takes corrective measures where the public interest is found to be adversely affected.The Government / National Pharmaceutical Pricing Authority

(NPPA) regularly monitors the movement of prices of medicines of mass consumption marketed through trade channel and intervenes whenever instances of unreasonable increase in prices affecting public interest adversely are noticed.

The National Pharmaceutical Pricing Authority (NPPA) has collected data on trade margin being offered by the manufacturers to the retailers for a limited sample, it was noted that some manufacturers had offered high margin to the retailers. However, the market share of such medicines was small.A Task Force under the Chairmanship of Dr. Pronab Sen, Principal Adviser, Planning Commission was constituted to explore options other than price control to make available life saving drugs at reasonable prices. The Task Force has submitted its report to the Government on the 20th September, 2005.The Government in consultation with various stakeholders is examining the recommendations of the Task Force . Based on this a new Pharmaceutical Policy is likely to be announced shortly. The drug policy, as amended from time to time is directed towards ensuring abundant availability of quality drugs at reasonable prices.